



## Measuring the Pain: What is Fragmented Communication Costing Your Enterprise?

Prepared on Behalf of:

**SIEMENS**

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## Overview

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Unified Communications, or UC, is a relatively new technology solution category with a lot of different definitions. This research summary describes several categories of latent cost that are unnecessarily borne by businesses of every industry and size each year.

As communications technology proliferates, users are subjected to an increasing level of information overload and lack of control. With multiple devices and interfaces to access content, learning curves and complexity become a major challenge. On the other hand, reaching out in real-time to communicate with individuals or multiple team members becomes increasingly difficult in this fragmented communications world. Delays, lack of closure on questions or processes, or duplicate communication attempts all add up to a potentially frustrating and unproductive business environment.

But to what degree is this *really* felt by users, and how does it impact business? Insignia Research, a global marketing research firm headquartered in Toronto, set out to objectively and comprehensively measure the nature and impact of communications friction, latency and overload – based on the real-world experience of those who know best –end-user employees in the organization. The study clearly identifies, prioritizes, validates and quantifies the pain, frustration and costs (both monetary and customer satisfaction) that is endured in the typical organization today.

**Methodology:** Insignia Research conducted a comprehensive online survey covering ten aspects of collaboration in the summer of 2007. 517 participants from the U.S., Canada, and Europe completed the survey. Sixty-two percent of the respondents identified themselves to be in customer-facing sales and service roles. The qualified participants were recruited for the survey through various targeted online communities and newsletters.

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In a nutshell, the survey exposed the following:

The most common and costly pain point (experienced by 94% of participants) was found to be the latency resulting in “waiting for information” from colleagues who were not available when needed. The average length of this delay, which is directly attributable to the use of disjointed systems, is 5.3 hours per week, resulting in an average annual cost of over \$9000 per user. Considering the majority of survey respondents are in customer-facing roles, this 5.3 hour delay per week (per person) in any business process is indeed troubling.

Those who regularly travel for business estimated they spent eleven days this past year on unnecessary or avoidable business travel. This means an annual waste of at least \$3400 per person on unnecessary business travel! This happens when frequent collaboration with existing communications systems is not effective. This forces managers to synchronize teams through expensive face-to-face meetings requiring travel.

Lack of parity in communication services reduced the productivity by an average of 7.8 hours a month for respondents who reported spending at least 10% of their time working from remote locations. This productivity reduction exists only because workers are not equipped with effective, remotely-accessible collaboration systems.

75% incurred incremental communication costs on up to 4 business trips within the last six months, with an average expense of \$186 per trip. This results in an average annual cost of \$1488 annually, per business traveler, in additional expenses for communications while traveling, on top of typical travel expenses.

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This study has clearly captured the extent of the frustration felt by individuals, managers and teams, and quantified the extraneous costs leaking out of the enterprise as a result.

So where to go from here? This study validates, with convincing results, that the current communications status quo must be addressed, for companies that want to stay competitive and productive. The study clearly demonstrates that those in management roles are especially aware of the frustration and cost being tolerated by employees, yet few know how to change it. The significant financial cost of doing nothing is quantified and summarized on page 12.

The answer in large part is Unified Communications (UC). UC solutions aim to overcome communication obstacles and complexity to communication in the enterprise while optimizing the performance of communications-sensitive business processes. The implications of the study on competitive advantage are clear, and fortunately, there is a logical and actionable path to take. After reviewing the summary findings from our study, the final page of this report provides further guidance on Siemens' industry-leading UC solution – OpenScape, designed to remove the costly communications guesswork, pain and expense endured by today's global business community.

## Profile of Respondents

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Insignia Marketing Research of Toronto, Canada conducted an Internet survey in the summer of 2007 among individuals that met the following criteria:

- Business professionals who work in the capacity of sales, finances, customer service, or supply chain.
- They use 2 or more different streams of communication.
- Currently they are not on a unified communications system.

Participants were recruited through embedding of the link in web sites, industry relevant e-mails, and a panel of respondents. CRMXchange served as the main source of mail outs to potential participants.

In addition to the criteria listed above, what we learned about the respondents was:

- Majority (58%) identified themselves as leaders of teams
  - 31% identified as management
  - 14% as executives/owners
  - 13% as project leaders
- They work in the following industries: Technology, Financial, Public Sector/Government, Manufacturing
- Majority (62%) are in customer-facing roles (customer service/ sales roles)
- 74% reported working offsite at least 10% of work week
- Average hourly wage of all who disclosed salary was \$37/hour
- Over half traveled at least once within last 6 months

## Pain Point Definitions ---

The ten pain points covered in the survey are defined as follows:

1. **Waiting for Information**—attempting to get in touch with/get information from an individual with multiple means of communication in order to make progress on a particular process or task.
2. **Unscheduled/Unauthorized Communications**—communications that disrupt the flow of work.
3. **Coordination Inefficiency**—inability to fully direct or interact within a team in order to move it towards its goals.
4. **Planning to plan**— time spent on planning and arrangements in preparation to actually make progress towards completing work.
5. **Barriers to Collaboration**— inaccessibility of the tools needed to collaborate fully with colleagues.
6. **Offsite Productivity Loss**— reduced output when working from a location other than one of the company’s offices.
7. **Customer Complaints Due to Communications**—handling complaints and other incidents of customer dissatisfaction that stem from the communication policies/technology of the company.
8. **Trips with Additional Communication Costs**—added costs of communication while on business trips.
9. **Trips to “Synch Up”**—business trips taken for the purpose of receiving information that will be disseminated to a number of individuals at the same time/place and in the same manner.
10. **Working from Home Extra Costs**—added costs of communication when working from home.

## Pain Point Assessment ---

All but one of the pain points covered in the study affected over 50% of the work force surveyed.

The “waiting for information” pain point rates highest in terms of impact on work, but several others were also noted as having a significant impact on work. What’s important is the frustration with these pain points, and how frustration is rated as higher than impact on work. This suggests that these pain points can have debilitating effects on people’s temperaments and demeanors as they deal with fellow employees as well as customers. Insight has also been obtained on which pain points the participants consider a high priority to solve.

The top pain points that require immediate attention are:

1. Waiting for Information
2. Unscheduled/Unauthorized Communications
3. Coordination Inefficiency
4. Planning to Plan
5. Barriers to Collaboration
6. Offsite Productivity Loss
7. Customer Complaints Due to Communications

## Pain Point Assessment

Pain Points	Incidence %	Time Involved	Percent Among Those Impacted		
			Extremely /Very Significant Impact	Extremely /Very Frustrating	Priority to Reduce Extremely/Very High
1. Waiting for Information	94	5.3 <sup>1</sup>	35	38	38
2. Unscheduled/Unauthorized Communications	91	3.5 <sup>1</sup>	22	34	29
3. Coordination Inefficiency	80	3.5 <sup>1</sup>	24	30	31
4. Planning to Plan	79	3.1 <sup>1</sup>	17	23	28
5. Barriers to Collaboration	78	3.6 <sup>1</sup>	25	31	35
6. Offsite Productivity Loss	59	2.0 <sup>1</sup>	23	34	36
7. Customer Complaints Due to Communications	57	2.6 <sup>1</sup>	23	37	42
8. Trips with Additional Communication Costs	55	4.3 <sup>2</sup>	26 <sup>3</sup>	n/a	n/a
9. Trips to “Synch Up”	54	5.5 <sup>2</sup>	24	21	26
10. Working at Home (extra)	42	6.7 <sup>2</sup>	15 <sup>3</sup>	n/a	n/a

<sup>1</sup> Hours per week

<sup>2</sup> Trips/occurrences per 6 months

<sup>3</sup> High expense (\$100+)

## Pain Points in Perspective ---

To demonstrate, if one considers the number of US workers in service fields (jobs excluded farming, manufacturing, and construction), even the pain point with the lowest incidence may be affecting nearly 50 million US workers.

While the time involved in each pain point may be low for a single individual, the extrapolation clearly shows that the total time drain produced by dealing with the pain points is quite considerable. For example, looking only at the three hour finding associated with the “planning to plan” pain point, 281 million man hours of labor are spent performing superfluous arrangements in an attempt to collaborate in real-time to get work done.

Here’s another way to think about this: right now, there are over 108 million frustrated employees (in the U.S. alone) waiting for information from someone else before they can proceed with a task or process.

Even if individuals can fill communication voids with other tasks, process performance (which tends to be largely linear) still suffers. The cumulative effects of the delays, when experienced by many people within a global organization, directly impact many processes. The delays can surface in how customers are sold to, how they are serviced, how purchase orders are processed, how quotes are given, how loan documents are handled and how many other processes are executed. When you remember that the majority of survey respondents are in customer-facing roles, that 5.3 hour delay per week (per person) is indeed a heavy price for an organization to pay for ineffective communication.

## Pain Points in Perspective

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Pain Point	Projected # of U.S. Workers It Impacts <sup>4</sup>
Waiting for Information	108,045,480
Planning to Plan	90,804,180

Truly these are staggering numbers that demonstrate the pain of status quo communication systems.

In addition to quantifying how many are experiencing what level of frustration and the negative impact on workflow, we now have a complete view of the financial impact of today's communications status quo. The table on the following page tabulates all the findings and extrapolates the data for organizations of 100, 500 and 1000 workers who fit the profile of the respondents.

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<sup>4</sup> Employment Data from the US Census Bureau, 2007

Money Leaks due to Fragmented Communications: True Cost of the Status Quo						
Category	Finding	Multiplier (from survey data)*	Annual Cost /user	100 Users Annually (US dollars)	500 Users Annually (US dollars)	1000 Users Annually (US dollars)
Opportunity Costs						
Time Attempting to, But Not Reaching Colleagues to Collaborate (hours/wk); 46 weeks	5.3	\$37	\$9,021	\$902,060	\$4,510,300	\$9,020,600
Time Lost to Interruptions/unwanted comm (hours/wk); 46 weeks	3.5	\$37	\$5,957	\$595,700	\$2,978,500	\$5,957,000
Time Lost Planning to Plan (hours/wk); 46 weeks	3	\$37	\$5,106	\$510,600	\$2,553,000	\$5,106,000
Time Lost to Failed Collaboration Attempts (hours/wk); 46 weeks	3.6	\$37	\$6,127	\$612,720	\$3,063,600	\$6,127,200
Reduced Productivity when Offsite w/o effective comm tools (hours/wk); 46 weeks	1.95	\$37	\$3,319	\$331,890	\$1,659,450	\$3,318,900
Time Handling Customer Complaints re: Lack of Responsiveness (hours/wk); 46 weeks	4	\$37	\$6,808	\$680,800	\$3,404,000	\$6,808,000
Total Potential Opportunity Costs (assuming 100% loss of productivity during communication delays)				\$3,633,770	\$18,168,850	\$36,337,700
<b>Estimated actual loss</b> <i>(based on a conservative 25% loss of productivity during communication delays)</i>				<b>\$908,443</b>	<b>\$4,542,213</b>	<b>\$9,084,425</b>

\* Respondents average weighted hourly wage

**Money Leaks due to Fragmented Communications:  
True Cost of the Status Quo**

<b>Category</b>	<b>Finding</b>	<b>Multiplier (from survey data)</b>	<b>Annual Cost /user</b>	<b>100 Users Annually (US dollars)</b>	<b>500 Users Annually (US dollars)</b>	<b>1000 Users Annually (US dollars)</b>
Avoidable Expenses						
Unnecessary Business Travel (Domestic) for Group Synchronization Meetings (finding was 11 days; at least 50% of this can be avoided/reduced with UC). <i>Average daily spend source: Business Travel News, 2006 Corporate Travel Index</i>	5.5	309	\$1,700	\$169,950	\$849,750	\$1,699,500
Additional Comm Expenses when Traveling ( <i>multiplier is 8 trips per year where expenses were incurred</i> )	186	8	\$1488	\$148,800	\$744,000	\$1,488,000
Additional Comm Expenses when working from home w/o ability to route calls through corporate network ( <i>multiplier is per 1 user</i> )	1,250	1	\$1,250	\$125,000	\$625,000	\$1,250,000
Total Avoidable Expenses				\$443,750	\$2,218,750	\$4,437,500
<b>True Cost of Doing Nothing</b>				<b>\$4,077,520</b>	<b>\$20,387,600</b>	<b>\$40,775,200</b>
<b>Conservative Cost of Doing Nothing</b>				<b>\$1,352,193</b>	<b>\$6,760,963</b>	<b>\$13,521,925</b>

## Summary

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Despite the advances in communications technology – or ironically, possibly because of these advances – business users are clearly experiencing a frustrating, complex and fragmented communications environment. While the multiplicity of devices and media give flexibility and choice, they also add to communications latency, friction and overload.

The ability to ‘connect’ in real-time suffers, duplicate and redundant communication attempts proliferate, and key business processes that rely on communications slow down (or even stop altogether) because of fragmented communications.

Clearly when user frustration and pain are evaluated holistically, and the hard dollar costs quantified, even the smallest enterprise is seriously impacted. Enterprises are leaking large amounts of cash; end users and managers are *coping* with existing systems instead of *embracing* them to efficiently execute highly collaborative business processes.

## About Insignia Research ---

Insignia Marketing Research Inc. is a full service consultancy that offers a wide range of research services and strategic guidance. The firm operates globally, in the past year conducting research in over 10 countries.

They are a team of senior professionals dedicated to providing clients with the most accurate and advanced research intelligence, leading to actionable in-depth strategies. For more information about Insignia please visit: [www.insigniaresearch.com](http://www.insigniaresearch.com)

## About Siemens Communications, Inc. \_\_\_\_\_

Siemens Communications, Inc. is one of the world's leading vendors of Open Communications solutions for enterprises of all sizes, enabling business processes to be more productive, faster and more secure – with any device, network or information technology infrastructure. The company is a wholly owned subsidiary of Siemens AG with about 15,000 employees globally.

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### About OpenScape

OpenScape addresses the problem of *communications overload, friction and latency*. Having too many calls, emails, voicemails, devices, and phone numbers to manage can be overwhelming. With so many options for communicating, reaching the right person at the right device, on the first try is harder than it use to be.

OpenScape is a software productivity tool that facilitates faster action and decision making by quickly and easily connecting people, devices and information. With OpenScape, you can be reached via one number, and all of your messages can be retrieved and managed from a single inbox, regardless of media, device or location.

What makes our solution unique is that it can be easily integrated with your existing business applications, creating all sorts of advantages for your business such as improved productivity and more optimized processes and workflows.

## Links

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For more information on Insignia Marketing Research, visit [www.insigniaresearch.com](http://www.insigniaresearch.com).

For more on Siemens Enterprise Communications, visit [www.siemens.com/open](http://www.siemens.com/open).

For more on OpenScape and Siemens Open Unified Communications solutions, please visit:

From the USA, [click here](#).

From the United Kingdom, [click here](#).

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